

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

----- <b>In re:</b>	<b>x</b>
	<b>Chapter 11</b>
	:
<b>SEARS HOLDINGS CORPORATION, et al.,</b>	<b>:</b>
	<b>Case No. 18-23538 (RDD)</b>
	:
<b>Debtors.<sup>1</sup></b>	<b>:</b>
	<b>(Jointly Administered)</b>
	:

**FIFTH MONTHLY FEE STATEMENT OF ALVAREZ & MARSAL  
NORTH AMERICA, LLC FOR COMPENSATION EARNED AND  
EXPENSES INCURRED FOR MARCH 1, 2019 THROUGH MARCH 31, 2019**

Name of Applicant: Alvarez & Marsal North America, LLC

Authorized to Provide Professional Services      Debtors and Debtors in Possession  
to:

Date of Retention: November 13, 2018, *nunc pro tunc* to  
October 15, 2018

Period for which compensation and  
reimbursement is sought: March 1, 2019 through March 31, 2019

Monthly Fees Incurred: \$41,840.00

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innoval Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); SHC Licensed Business LLC (3718); SHC Promotions LLC (9626); Sears Brands Management Corporation (5365), and SRe Holding Corporation (4816). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

20% Holdback: \$8,368.00

Total Compensation Less 20% Holdback: \$33,472.00

Monthly Expenses Incurred: \$119.54

Total Fees and Expenses Due: \$33,591.54

This is a: X monthly \_\_\_\_interim \_\_\_\_final application

In accordance with the *Order Authorizing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [ECF No. 796] (the “Interim Compensation Order”),<sup>2</sup> Alvarez & Marsal North America, LLC (“A&M”) hereby submits this fifth monthly fee statement (the “Fifth Monthly Fee Statement”), seeking compensation for services rendered and reimbursement of expenses incurred as financial advisor to the Debtors, for the period from March 1, 2019 through March 31, 2019 (the “Fifth Monthly Fee Period”). By this Fifth Monthly Fee Statement, A&M seeks payment in the amount of \$33,591.54, which comprises (i) \$33,472.00, representing eighty percent (80%) of the total amount of compensation sought for actual and necessary services rendered during the Fifth Monthly Fee Period, and (ii) reimbursement of \$119.54, representing one hundred percent (100%) of actual and necessary expenses incurred in connection with such services.

**Services Rendered and Expenses Incurred**

Attached are the following schedules in support of this Fifth Monthly Fee Statement:

- Exhibit A - Summary of Time Detail by Task
- Exhibit B - Time Detail by Activity by Professional
- Exhibit C - Expense Detail by Category.

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<sup>2</sup> Capitalized terms used herein but not otherwise defined herein have the meanings ascribed to them in the Interim Compensation Order.

**Notice and Objection Procedures**

Notice of this Fifth Monthly Fee Statement shall be given by hand or overnight delivery or email where available upon (i) Sears Holdings Corporation, 3333 Beverly Road, Hoffman Estates, Illinois 60179, Attention: Rob Riecker (email: Rob.Riecker@searshc.com) and Luke Valentino (email: Luke.Valentino@searshc.com); (ii) counsel to the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, Attention: Ray C. Schrock (email: ray.schrock@weil.com), Jacqueline Marcus (email: jacqueline.marcus@weil.com), Garrett A. Fail (email: garrett.fail@weil.com), and Sunny Singh (email: sunny.singh@weil.com); (iii) William K. Harrington, the United States Trustee, U.S. Federal Office Building, 201 Varick Street, Suite 1006, New York, NY 10014, Attention: Paul Schwartzberg (e-mail: paul.schwartzberg@usdoj.gov) and Richard Morrissey (e-mail: richard.morrissey@usdoj.gov); (iv) counsel to the Official Committee of Unsecured Creditors, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York, 10036, Attention: Philip C. Dublin (email: pdublin@akingump.com), Ira Dizengoff (email: idizengoff@akingump.com), and Sara Lynne Brauner (email: sbrauner@akingump.com); and (v) counsel to Bank of America, N.A., Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036, Attention: Paul D. Leake (email: paul.leake@skadden.com), Shana A. Elberg (email: shana.elberg@skadden.com) and George R. Howard (email: george.howard@skadden.com) (collectively, the “Notice Parties”).

Objections to this Fifth Monthly Fee Statement, if any, must be filed with the Court and served upon the Notice Parties so as to be received no later than **April 26, 2019** (the “Objection Deadline”), setting forth the nature of the objection and the amount of fees or expenses at issue (an “Objection”).

If no objections to this Fifth Monthly Fee Statement are filed and served as set forth above, the Debtors shall promptly pay eighty percent (80%) of the fees and one hundred percent (100%) of the expenses identified herein.

If an objection to this Fifth Monthly Fee Statement is received on or before the Objection Deadline, the Debtors shall withhold payment of that portion of this Fifth Monthly Fee Statement to which the objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth above. To the extent such an objection is not resolved, it shall be preserved and scheduled for consideration at the next interim fee application hearing to be heard by the Court.

*[Remainder of page intentionally left blank]*

Dated: April 11, 2019



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Dennis Stogsdill  
Managing Director  
Alvarez & Marsal North America, LLC



**Alvarez & Marsal North America, LLC**  
600 Madison Avenue, 8th Floor  
New York, NY 10022  
Phone: +1 212 759 4433  
Fax: +1 212 759 5532

April 11, 2019

Sears Holdings Corporation  
3333 Beverly Road  
Hoffman Estates, IL 60179

Dear Sir or Madam,

Pursuant to the Bankruptcy Court's Order authorizing the retention of Alvarez & Marsal North America, LLC ("A&M") as the financial advisor to the Restructuring Sub-Committee ("RSC") of Sears Holdings Corporation, *et al.*, ("Sears" or the "Debtor") with respect to all RSC Conflict Matters *Nunc Pro Tunc* to October 15, 2018, dated November 13, 2018 (the "Retention Order") and the engagement letter between A&M and the Debtor dated October 15, 2018 (the "Engagement Letter"), A&M submits this statement detailing professional fees and expenses in connection with the work completed on behalf of the Debtor for the period from March 1, 2019 through March 31, 2019 (the "Covered Period").

During the Covered Period, A&M rendered professional services totaling \$41,840.00 and incurred expenses related to these services in the amount of \$119.54. A&M is eligible for payment of 80% of the fees incurred and 100% of the expenses incurred pending the fifteen (15) day objection period. Accordingly, the total amount payable herein pending no objections is \$33,591.54.

Attached are the following schedules in support of this monthly statement:

- Exhibit A - Summary of Time Detail by Task;
- Exhibit B - Time Detail by Activity by Professional;
- Exhibit C - Expense Detail by Category

Please do not hesitate to contact me with any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Stogsdill'.

Dennis Stogsdill  
Managing Director  
Alvarez & Marsal North America LLC

**Invoice for Professional Fees and Out of Pocket Expenses  
For the period of March 1 - March 31, 2019**

Professional Name	Position	Hours	Fees	
<b><u>Restructuring</u></b>				
Nick Grossi	Managing Director	8.7	\$875	\$ 7,612.50
Brian Corio	Senior Director	2.6	\$800	2,080.00
Jonah Galaz	Senior Associate	13.1	\$625	8,187.50
Jordan Kravette	Analyst	19.0	\$450	8,550.00
		43.4		26,430.00
<b><u>Disputes &amp; Investigations</u></b>				
Karen Engstrom	Managing Director	11.9	\$800	9,520.00
Edward McDonough	Managing Director	6.8	\$800	5,440.00
Bethany Benesh	Senior Associate	1.2	\$375	450.00
		19.9	\$	15,410.00
<b>Total Professional Hours &amp; Fees</b>		<b>63.3</b>	<b>\$</b>	<b>41,840.00</b>
<b>Out of Pocket Expenses:</b> <sup>2</sup>				
	Phone/Internet			119.54
<b>Total Expenses</b>			<b>\$</b>	<b>119.54</b>
<b>Total Invoice</b>			<b>\$</b>	<b>41,959.54</b>
<b>Amount to be Paid (80% Fees + 100% Expenses)</b>			<b>\$</b>	<b>33,591.54</b>

(1) In accordance with A&M's Engagement Letter, billing rates for select individuals have increased in FY19 in line with A&M rate adjustments  
(2) Includes select expenses from prior months as all expenses must clear A&M internal review and audit before they are submitted on invoice, as such, delayed submissions may appear from time to time.

**Exhibit A**

Matter	Description	Total Hours	Total Fees
Accounting	Assist with the development and execution of the company's accounting, finance and treasury processes, controls and support information requirements, including cut-off and determination and analysis of liabilities subject to compromise.	3.5	\$ 3,062.50
Bankruptcy Support	Advise and assist the company on matters concerning operating the business under Chapter 11, including initial operating reports, monthly operating reports, statements & schedules and other reporting requirements.	5.2	4,550.00
Fee Applications	Prepare monthly fee statements, interim and final fee applications in accordance with court guidelines.	6.7	3,015.00
Investigation	Independent investigation on behalf of the Restructuring Subcommittee regarding the financial condition of the Debtors at the time of various asset transfer/sales and financings.	47.9	31,212.50
<b>Total</b>		<b>63.3</b>	<b>\$ 41,840.00</b>

**Accounting**

Name	Date	Matter Code	Duration	Description
Nick Grossi	3/21/2019	ACT	3.5	Review proposed legal entity asset allocation model from Debtor advisor and participate in discussion with Frantz (M-III) to review

**Bankruptcy Support**

Name	Date	Matter Code	Duration	Description
Nick Grossi	3/30/2019	BNK	2.0	Review intercompany matrix
Nick Grossi	3/31/2019	BNK	3.2	Prepare and participate in discussion with Murphy (M-III) related to intercompany matrix and review of documentation

**Fee Application**

Name	Date	Matter Code	Duration	Description
Jordan Kravette	3/8/2019	FEE	1.0	Prepare fee application
Jordan Kravette	3/9/2019	FEE	1.0	Prepare fee application
Jordan Kravette	3/11/2019	FEE	0.3	Prepare fee application
Jordan Kravette	3/16/2019	FEE	0.3	Incorporate edits to fee application
Jordan Kravette	3/19/2019	FEE	0.3	Prepare multiple emails regarding interim fee application
Jordan Kravette	3/24/2019	FEE	0.9	Prepare interim fee application
Jordan Kravette	3/25/2019	FEE	0.8	Prepare interim fee application
Jordan Kravette	3/25/2019	FEE	0.7	Prepare interim fee application
Jordan Kravette	3/29/2019	FEE	1.4	Prepare interim fee application

**Investigation**

Name	Date	Matter Code	Duration	Description
Karen Engstrom	3/3/2019	INV	1.1	Respond to follow up inquiries from Paul Weiss
Jonah Galaz	3/3/2019	INV	0.9	Review and revise historical performance charts for Paul Weiss
Karen Engstrom	3/4/2019	INV	0.5	Respond to follow up inquiries from Paul Weiss
Karen Engstrom	3/4/2019	INV	3.8	Review and provide edits on draft complaint for Paul Weiss
Jonah Galaz	3/4/2019	INV	0.2	Review historical performance charts for Paul Weiss
Jonah Galaz	3/4/2019	INV	0.5	Revise historical performance charts for Paul Weiss
Jonah Galaz	3/5/2019	INV	0.6	Prepare charts summarizing historical forecast to actuals for Paul Weiss
Jonah Galaz	3/6/2019	INV	0.7	Review and summarize the Debtors' settlement with claimant
Karen Engstrom	3/7/2019	INV	1.4	Respond to follow up inquiries from Paul Weiss
Karen Engstrom	3/8/2019	INV	0.4	Respond to follow up inquiries from Paul Weiss
Jonah Galaz	3/9/2019	INV	0.4	Review claim balance reconciliation
Jonah Galaz	3/9/2019	INV	0.3	Correspondence with Frantz (M-III), Khan (Sears), and Goodin (Sears) regarding claim balances
Jonah Galaz	3/9/2019	INV	0.9	Review claim reconciliation from Cleary
Jonah Galaz	3/10/2019	INV	2.3	Prepare facility level reconciliation for claims and credit bids
Jonah Galaz	3/10/2019	INV	0.3	Correspondence with Khan (Sears), Goodin (Sears) and M-III regarding claim and credit bid reconciliation
Karen Engstrom	3/11/2019	INV	0.5	Analysis of debtor balance sheet
Karen Engstrom	3/11/2019	INV	0.3	Teleconference with Avidan (Paul Weiss) and McDonough (A&M) regarding draft complaint
Edward McDonough	3/11/2019	INV	0.3	Teleconference with Avidan (Paul Weiss) and Engstrom (A&M) regarding draft complaint
Jonah Galaz	3/11/2019	INV	0.3	Follow ups with Khan (Sears), Goodin (Sears) and M-III regarding claim and credit bid reconciliation
Jonah Galaz	3/11/2019	INV	0.5	Review and revise credit bid reconciliation
Jonah Galaz	3/11/2019	INV	0.4	Correspondence with Weil, M-III, A&M and the Company regarding credit bid reconciliation
Karen Engstrom	3/12/2019	INV	0.3	Review debt and guarantee charts provided by Paul Weiss
Karen Engstrom	3/12/2019	INV	1.2	Prepare list of additional information required to assess solvency
Edward McDonough	3/12/2019	INV	0.3	Analysis of debtor balance sheet
Jonah Galaz	3/13/2019	INV	0.4	Correspondence with Smith (ESL) regarding reconciling differences for credit bid and claims

**Investigation**

Name	Date	Matter Code	Duration	Description
Brian Corio	3/14/2019	INV	1.4	Review asset transaction transfer schedules and provide comments
Jonah Galaz	3/14/2019	INV	0.6	Correspondence with Smith (ESL) regarding reconciling differences for credit bid and claims
Jordan Kravette	3/14/2019	INV	2.9	Review documents and respond to Paul Weiss questions regarding debtor real estate
Jordan Kravette	3/14/2019	INV	0.2	Participate in call with Lii and Giller (Paul Weiss) regarding debtor-entity matters
Jordan Kravette	3/14/2019	INV	0.5	Review files related to debtor real estate
Jordan Kravette	3/14/2019	INV	0.3	Draft multiple emails related to debtor real estate
Brian Corio	3/15/2019	INV	0.4	Review asset transaction transfer schedules and provide comments
Jonah Galaz	3/15/2019	INV	0.4	Review claim reconciliation analysis
Jonah Galaz	3/15/2019	INV	0.4	Correspondence with Smith (ESL) regarding reconciling differences for credit bid and claims
Jordan Kravette	3/15/2019	INV	2.1	Respond to follow up inquiries from Paul Weiss
Jordan Kravette	3/15/2019	INV	0.3	Review files related to debtor real estate
Jordan Kravette	3/15/2019	INV	0.2	Draft emails to Paul Weiss regarding real estate
Jonah Galaz	3/18/2019	INV	0.3	Correspondence with Weil, M-III, A&M and the Company regarding credit bid reconciliation
Karen Engstrom	3/19/2019	INV	1.4	Respond to follow up inquiries from Paul Weiss
Jonah Galaz	3/19/2019	INV	0.7	Review M-III legal entity solvency analysis
Karen Engstrom	3/20/2019	INV	0.3	Prepare list of additional information required to assess solvency
Edward McDonough	3/20/2019	INV	1.2	Draft document request
Brian Corio	3/20/2019	INV	0.8	Review recovery schedules provided by M-III
Jonah Galaz	3/20/2019	INV	0.5	Review M-III legal entity solvency analysis
Jordan Kravette	3/20/2019	INV	0.9	Analyze asset transaction schedules
Jonah Galaz	3/21/2019	INV	1.2	Prepare for and participate in call with Frantz (M-III) and Grossi (A&M) regarding solvency analysis
Jonah Galaz	3/21/2019	INV	0.3	Provide input on documents related to solvency
Jordan Kravette	3/21/2019	INV	1.1	Assist in solvency review
Jordan Kravette	3/21/2019	INV	1.3	Review documents provided by Paul Weiss regarding legal entities
Jordan Kravette	3/21/2019	INV	0.3	Participate in call with Giller (Paul Weiss) regarding legal entities
Jordan Kravette	3/22/2019	INV	2.0	Review documents related to debtor legal entities
Jordan Kravette	3/22/2019	INV	0.2	Review documents and email finding to Paul Weiss
Karen Engstrom	3/25/2019	INV	0.3	Respond to follow up inquiries from Paul Weiss
Edward McDonough	3/25/2019	INV	1.4	Draft interview questions for trademark
Edward McDonough	3/26/2019	INV	2.4	Draft interview questions for trademark
Bethany Benesh	3/26/2019	INV	1.2	Perform trademark analysis for interview questions
Karen Engstrom	3/27/2019	INV	0.4	Prepare interview questions regarding trademarks
Edward McDonough	3/27/2019	INV	0.6	Draft interview questions for trademark
Edward McDonough	3/31/2019	INV	0.6	Conference call with Miller, Sarathy, Hurwitz (Paul Weiss) regarding trademarks

**Exhibit C**

Name	Item / Description	Expense Type	Date	Amount
Nick Grossi	02/13/2019 - 03/12/2019 Wireless Usage Charges	Phone/Internet	3/1/2019	47.05
Jonah Galaz	02/13/2019 - 03/12/2019 Wireless Usage Charges	Phone/Internet	3/12/2019	12.77
Andrew Gasbarra	02/13/2019 - 03/12/2019 Wireless Usage Charges	Phone/Internet	3/1/2019	59.72
				\$ 119.54